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(a) Specific actions related to the particular needs and problems of land-locked developing countries

Progress report by the UNCTAD secretariat

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I. INTRODUCTION

1. In paragraph 15 of its resolution 50/97, the General Assembly welcomed the note by the Secretary-General and the progress report of the secretariat of the United Nations Conference on Trade and Development on specific actions related to the particular needs and problems of land-locked developing countries[1] and requested the Secretary-General of the United Nations, together with the Secretary-General of the United Conference on Trade and Development, to prepare a further report on the implementation of the resolution and submit it to the Trade and Development Board and to the General Assembly at its fifty-second session.

2. In paragraph 9 of the same resolution, the General Assembly took note of the report of the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in New York from 19 to 22 June 1995[2], and endorsed the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community contained therein. In paragraph 11 of the resolution the General Assembly requested the Secretary-General to convene in 1997 another meeting of governmental experts from land-locked and transit developing countries and representatives of donor countries and financial and development institutions, including relevant regional and subregional economic organizations and commissions, to review progress in the development of transit systems in the land-locked and transit developing countries and to explore the possibility of formulating specific action-oriented measures. The meeting was held under the auspices of UNCTAD from 18-20 June 1997 at the United Nations Headquarters in New York. The report of the meeting, including its conclusions and recommendations, is before the Board for its consideration (TD/B/44/7 - TD/B/LDC/AC.1/11).

3. In paragraph 13 of the same resolution the General Assembly noted with appreciation the contribution of the United Nations Conference on Trade and Development in formulating international measures to deal with the special problems of the land-locked developing countries, and urged the Conference, inter alia, to keep under constant review the evolution of transit transport infrastructure facilities, institutions and services, monitor the implementation of agreed measures, collaborate in all relevant initiatives, including those of the private sector and non-governmental organizations, and serve as a focal point on cross-regional issues of interest to land-locked developing countries. Furthermore, in paragraph 14 of the resolution the General Assembly invited the Secretary-General of the United Nations, in consultation with the Secretary-General of UNCTAD, to take appropriate measures for the effective implementation of the activities called for in the resolution. The recent activities of UNCTAD on behalf of land-locked developing countries in this regard are highlighted in section II of this report.

4. Paragraph 5 of the General Assembly resolution invited land-locked developing countries and their transit neighbours to intensify their cooperative arrangements and in paragraph 7 it invited donor countries and multilateral and development institutions to provide these countries with appropriate financial and technical assistance. Accordingly, the Secretary-General of UNCTAD requested these countries and institutions to provide him

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[1] A/50/341.

[2] TD/B/42(1)/11-TD/B/LDC/AC.1/7.

with information on the actions they had taken in this regard. This information is briefly presented in section III of the present report.

II. ACTIVITIES OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

A. Review of the progress in the development of the transit systems in the land-locked and transit developing countries

5. In order to facilitate the review of the progress in the development of transit systems by the above mentioned meeting of governmental experts convened pursuant to paragraph 11 of General Assembly 50/97, the Secretary-General of UNCTAD made arrangements, with the financial support of the UNDP, to undertake comprehensive regional and subregional analytical studies which highlighted recent developments on the transit transport sector of land-locked and transit developing countries and made recommendations for future action. These studies elaborated the programmes that have been underway to rehabilitate and maintain transit infrastructure and to improve the management practices and operations. They particularly focused on those programmes and projects that are being implemented in a subregional context. They also highlighted the new transit transport policy initiatives taken by individual countries. They also contained a number of priority capital projects and technical assistance programmes for which donor support is being sought.[3] The results of these studies as well as the contribution made by the regional economic commissions provided the basis for the preparation of the basic document made available to the above mentioned meeting of governmental experts (TD/B/42(1)/14).

B. Consultative group meetings of land-locked and transit developing countries

6. In paragraph 10 of General Assembly resolution 50/97 the Secretary-General of the United Nations Conference on Trade and Development was requested, in collaboration with the donor countries and institutions, in particular the United Nations Development Programme, the regional commissions and relevant subregional institutions, to organize specific consultative groups to identify priority areas for action at the national and subregional level and draw up action programmes. The process of these consultative meetings started with the holding of one such meeting for Mongolia and its transit neighbours, namely China and the Russian Federation. The Meeting which was organized by UNCTAD and the UNDP in close cooperation with the Mongolian Government, was held in Ulaanbaatar from 20 to 22 May 1997. Japan and the Republic of Korea also attended the Meeting as observers.

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[3] For more details see: Review of the Recent Progress in the Development of Transit Transport Systems in West Africa and Proposals for Future Action by Mr. K. Evlo, UNCTAD consultant (1997); Overview of the Recent Developments of the Transit Transport Facilities and Services for Rwanda's Exports and Imports by Mr. J.S. Nsabiyumva, UNCTAD consultant (1997): Review of the Progress in the Development of Transit Systems in East Africa and Proposals for Future Action by Mr. Stephen Wainaina, UNCTAD consultant (1997); Review of the Progress in the Development of Transit Transport in Southern Africa and Proposals for Future Action by Mr. A. Rugamba, UNCTAD consultant (1997); Review of the Progress in the Development of Transit Systems in Nepal, Bhutan and Lao People's Democratic Republic and Proposals for Future Action by Mr. V. Raman, UNCTAD consultant (1997); and, Review of the Progress in the Development of Transit Systems in Latin America and Proposals for Future Action by Mr. R.P. Castellon, UNCTAD consultant (1997).These reports are available in the UNCTAD secretariat.

7. The Meeting discussed the recent developments which had taken place in the subregion in the light of the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community which had been adopted at the second meeting of intergovernmental experts.[4] In this regard, the meeting firstly reviewed the various fundamental elements of the transit transport policy framework, which would ensure the establishment of a viable environment that is conducive to improved transit efficiency. These included the improvement of current bilateral transit agreements, the promotion of a complementary comprehensive subregional agreement and international transit conventions and agreements, the development of alternative routes, the commercialization of transit services and the development of the potentials for expanded subregional trade. Secondly, the current physical weaknesses of the transit transport infrastructure and the proposals for further improvements were addressed. Furthermore, the Meeting emphasized the role that external assistance should play in providing support for the implementation of the priority programmes agreed at the Meeting. The outcome of the Meeting was the adoption of the "Ulaanbaatar Memorandum of Understanding", which contains the highlights of the issues outlined above.

8. The consultations between other land-locked countries and their transit neighbours in Africa and Latin America were held within the framework of existing institutional arrangements under the various subregional schemes. The regular meetings of the Southern African Transport and Communications Commission (SATCC), the Northern Corridor Transit Transport Authority in East/Central Africa, the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) and of the Southern Cone Common Market (MERCOSUR) in Latin America have served as fora for exchange of views on priority areas for action to improve the transit transport systems. These include the further development of missing links in the transit transport infrastructure network, the maintenance of existing facilities, the removal of non-physical barriers such as cumbersome transit procedures and regulations, which still constitute a serious constraint on some of the transit corridors, the strengthening of mechanisms to effectively implement subregional transit agreements, the continued liberalization of transit services and greater involvement of the private sector in transit transport operations. In Central Asia recent meetings to discuss the possibilities for establishing a framework for a subregional transit agreement also offered an opportunity to discuss some of these priorities. In South-East Asia regular transit bilateral consultations also address future transit transport requirements. During the New York meeting of governmental experts itself, informal discussions were also held by some experts from land-locked and transit developing countries.

C. Other UNCTAD activities

1. Review of the Northern Corridor Transit Transport Agreement

9. During the annual meeting of the Northern Corridor Transit Transport Authority in November 1996, the Governments of Burundi, Kenya, Rwanda, Uganda and the Democratic Republic of Congo (ex-Zaire) formally decided to extend the subregional transit agreement, which had expired in October 1996, for another 10 years. The member States, however, agreed that it was necessary to review some of the protocols in order to take into account the new developments in the transit system. They therefore requested the Permanent Secretariat of the Northern Corridor Transit Transport Authority in Mombasa, Kenya, to seek technical assistance to undertake this review. In view of UNCTAD's previous involvement in supporting this Permanent secretariat in this area, UNCTAD fielded a mission which drew up a work plan and time

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[4] TD/B/LDC/AC.1/6.

schedule for this review. The work plan envisages a series of national workshops in the individual member States which would discuss country specific transit transport policies and other actions that need to be taken into account in the review of the treaty. A subregional workshop is also proposed which is designed to harmonize views regarding new activities in the various subsectors. These activities will also reflect the role of private sector transit operators. Consultations are now under way with the secretariat regarding the follow-up activities.

2. ASYCUDA

10. Efficient customs formalities contribute in an important way to the expedient processing and clearance of goods in transit. Major benefits can be expected when neighbouring countries are using the same or compatible customs systems which facilitates the exchange of information and further reduce delays.

11. ASYCUDA projects address customs reforms, modernization and computerization using a modern software package which has been developed and is being implemented by UNCTAD. The major benefits brought about by these projects are streamlined customs procedures, faster clearance of goods, increased collection of revenue and up-to-date and reliable foreign trade statistics.

12. ASYCUDA projects are under way or completed in over 70 countries world wide including 14 land-locked countries as well as 15 transit countries. A specific transit monitoring module, using a set of messages based on international standards, is currently being developed for ASYCUDA with possibilities of links into ACIS, other cargo tracking systems and enforcement databases. The work of ASYCUDA was also discussed in the recent UNCTAD expert meeting on information technology (see paras. 23-27 below).

13. The development of ASYCUDA has been financed through contributions from Denmark, France, Germany, Italy, Japan, Norway, Spain, Sweden, Switzerland, United States of America, United Kingdom as well as UNDP, European Union, World Bank, Caribbean Development Bank and the Inter-American Development Bank.

3. Advance Cargo Information Systems (ACIS)

14. One of the main technical cooperation programmes between UNCTAD and the developing countries is the development and installation of the Advance Cargo Information Systems (ACIS). ACIS is the generic name given to a tool box of computer applications which constitute a transport logistics information system capable of addressing multimodal cargo transit and transport resource problems. It provides transport operators with reliable, useful and immediate data on transport operations, giving the whereabouts of goods and transport equipment.

15. Over the past two years, ACIS has been either partially or fully installed in the following land-locked and transit countries:

- **PortTracker**: In the ports of Tema (Ghana), Mombasa (Kenya) and Dar-es-Salaam (Tanzania) the Harbour Master and Gate Pass modules are being installed at various stages.

- **RailTracker**: By far more effort and resources have gone into the development and implementation of the railway module of ACIS, at the request of users. As a result of this approach, the following are the railway networks on which goods as well as rolling stock are being tracked: Senegal and Mali, Côte d'Ivoire and Burkina Faso; Ghana; Cameroon; Sudan; Kenya, United Republic

of Tanzania, and Uganda; TAZARA, Malawi, Zambia and the Democratic Republic of Congo; Bangladesh.

16. There is one rail network on which, for the moment, only rolling stock is being tracked: Ghana Railways.

17. The following benefits to the railways which are currently using the ACIS RailTracker have been confirmed both independently and by the users themselves:

- Comprehensive data is now available on-line for traffic and other managers. This includes such information as the position of wagons on the network; the number of broken down wagons; wagons loaded for more than three days; wagons in workshops, etc.

- Weekly/monthly reports for various managerial levels within the railway administrations can now be generated easily. This includes such information as weekly loading data; customer/commodity performance; average locomotive kilometre fuel issued; train transit time, etc.

- Customer information has drastically improved. In the past, it took 4-5 days to inform a customer about the whereabouts of his wagon; now this information can be provided instantaneously.

- Tangible positive results have been registered in wagon turn-around time, wagon availability and/or average repair time, wagon hiring charges, etc.

- The operational managements of transit and land-locked country railways, where networks are connected, have been integrated into the same system thereby facilitating the circulation of transit traffic.

18. ACIS has been funded largely by the European Commission. However, funding has also been provided in the past by UNDP, the World Bank as well as German and French development institutions.

4. Central Asian external trade and transit initiative: rebuilding the silk road

19. The Central Asian external and transit transport initiative, as elaborated in projects: KAZ/97/019; KYR/96/009/ TAJ/96/004/; TUK/96/007 and UZB/96/011 was launched in April 1995. The initiative aims at reducing transit costs facing the Central Asian Republics, thereby promoting their external trade and bolstering their economic growth.

20. The technical meeting on Central Asia's transit transport links with world markets held in Ankara, Turkey, from 7 to 9 November 1995 outlined a programme of reform designed to improve transit transport systems in Central Asia. A Transit Transport Framework Agreement was considered a corner stone of this reform programme.

21. The elaboration of the Transit Transport Framework Agreement took a decisive turn when a meeting of senior officials from the Central Asian Republics which met in November 1996 in Issyk-Kul, Kyrgyzstan adopted a common draft and agreed that the draft would form the basis for negotiations with their transit neighbours. This Transit Transport Framework Agreement outlines the regional transit transport cooperation arrangements including the development, maintenance and management of transport infrastructure and services and the harmonization of transit regulations and customs procedures and documentation. With regard to institutional arrangements the Framework

Agreement envisages the involvement of government institutions at all levels and the establishment of secretariat to help monitor the implementation of the various sectoral protocols of the Agreement.

22. The first negotiations between the Central Asian Republics and their transit neighbours have been scheduled in September/October 1997. Participating countries will include: Afghanistan, Armenia, Azerbaijan, China, Georgia, Iran (Islamic Republic of), Kazakstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkey, Turkmenistan and Uzbekistan.

5. Expert Meeting on information technology

23. As mandated by UNCTAD's Commission on Enterprise, Business Facilitation and Development an Expert Meeting was held in May 1997 on the use of information technologies to make transit arrangements more effective. The expert meeting recalled that, despite the rapid progress in information technology, customs transit continues to be largely based on procedures involving the transmission of paper documents. The Meeting stressed the crucial contribution of information technology to the proper functioning of customs transit systems. The Meeting underlined that transport information systems of track transit cargo should be further enhanced with a view to automating data capture. The current lack of such systems in many countries jeopardizes the efficiency of transit transport operators; and it is also detrimental to the efficient performance of customs transit systems. The Meeting recalled the use of UNCTAD's Automated Systems for Customs Data (ASYCUDA) and Advance Cargo Information System (ACIS) in many countries at different levels of development. It agreed that the computerization of transit procedures could significantly contribute to speeding up the procedures and reducing their cost, for the benefit of trade, while enhancing the efficiency of Customs control and cargo tracking.

24. The Meeting believed that UNCTAD should, in cooperation with all other interested parties, work towards developing a transit module, in the context of ASYCUDA and ACIS.

25. The Meeting considered that the transit module could cover all functions of Customs control and transport monitoring of transit goods from the beginning to the completion of the transit operation, including the release of securities where appropriate. It should be open to similar computerized systems and, to the extent permitted by national laws, it should permit relevant access by trade and transport operators. Messages used should be based on existing international standards, in particular UN/EDIFACT. A group of countries both transit and land-locked, with a priority on LDCs, could be targeted to act as pilot sites for such an electronic transit module.

26. The Meeting also considered that UNCTAD should cooperate with the organizations involved in the development and maintenance of transit systems, in particular The United Nations Economic Commission for Europe, the European Commission, regional groupings in developing countries as well as relevant public and private sectors.

27. The Meeting recognized the need for a comprehensive customs transit system and an integrated cargo tracking system open to all operators. The Meeting also recognised that UNCTAD should pursue its support for current users of ASYCUDA and ACIS and pursue the development and further implementation, including the promotion and ongoing support for both systems.

III. ACTIONS BY INDIVIDUAL COUNTRIES AND INTERNATIONAL AND INTERGOVERNMENTAL ORGANIZATIONS ON BEHALF OF LAND-LOCKED DEVELOPING COUNTRIES

28. The information provided by several land-locked and transit developing countries, other developing countries and developed countries as well as international and intergovernmental organizations on activities related to the improvement of the transit transport systems is briefly highlighted below[5].

29. The land-locked developing countries outlined their country programmes to further develop the transit transport infrastructure including rehabilitation and maintenance of existing facilities and the development of missing links in the road transit network. They also elaborated the legal frameworks and administrative regulations governing the movement of transit cargo. It was generally emphasized that the existing bilateral and subregional transit agreements needed to be refined and reviewed to take into account the recent developments in the transit system such as the expansion of existing facilities, the establishment of inland container terminals (dry ports) and the use of new transit routes by rail, road and inland waterways. It was further pointed that the mechanisms for monitoring and enforcement of transit agreements need to be further strengthened. In this connection the importance of stricter controls of axle load regulations and maintenance procedures as well as the further harmonization and simplification of customs procedures and documentation and road user charges at the subregional level was particularly underlined. The need for the expansion of regional and national training programmes for transit transport managements and operators was also emphasized.

30. The transit developing countries elaborated the development programmes under way to improve the transit facilities they offer to facilitate the movement of transit cargo to and from their neighbouring land-locked States. These relate particularly to berthing facilities in ports, warehousing facilities, road and rail transit services and facilitation of customs clearance procedures and regulations in ports and across border points. Some of the countries also referred to preferential treatment accorded to land-locked countries with regard to charges levied on transit cargo and to trade preferences granted to land-locked countries. Special reference was made to the existence of bilateral and subregional transit agreements and arrangements between transit countries and the neighbouring land-locked countries, which generally constitute the legal framework within which the modalities for providing most of the above facilities and services are outlined and defined. Although the implementation of these agreements and arrangements varies, the commitment of most transit countries in general to improve transit services is unquestionable.

31. Several of the transit developing countries also outlined other measures undertaken to help improve transit transport efficiency including the liberalization of transit services. Many of them are deliberately encouraging competition in the transit transport sector particularly with regard to the road transit subsector where the role of private sector operators is increasing. Rail and port services are also increasingly being commercialized and the responsible institutions are being granted greater operational autonomy.

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[5] Detailed information contained in the replies is available in the UNCTAD secretariat. The regional and subregional studies carried out by UNCTAD in the land-locked and transit developing countries as part of the substantive preparations for the meeting of governmental experts provided additional information.

32. The responses of the international organizations were diverse. The regional economic commissions and the World Bank have significant programmes under way that are specifically targeted at financial and technical assistance to improve the transit transport infrastructures and the quality of transit services. Although the Bank generally offers such assistance within the framework of country infrastructure projects, special attention has also been given during recent years to some regional programmes particularly in sub-Saharan Africa. These programmes are also focused on improving the transit policy framework that encourages liberalization of transit services with a view to enhance operational efficiency in the transit transport sector. Initiatives to improve management practices and strengthen the legal and fiscal transit transport regimes are also being supported.

33. The regional economic commissions in Africa and Asia are implementing most of their assistance projects within the framework of the Transport and Communications Decade programmes. The bulk of the direct support of the commissions is, however, limited to technical assistance programmes largely funded by the UNDP. The recent focus of these programmes in Asia has been on assisting the land-locked developing countries of Central Asia to expand the current road and rail routes in order to promote subregional trade and transit transport links with the new potential transit neighbours. This assistance has also covered other areas related to transit facilitation through the improvement of the legal transit regimes. UNCTAD and UNDP are fully involved in the assistance provided in this area.

34. During recent years the ECA assistance programme has also focused on the monitoring of the implementation of the Decade projects to improve the physical transport infrastructure as well as providing direct technical assistance in such areas as transit facilitation, strengthening of transit legal frameworks, improvement of transit transport information systems, improvement of safety, security and navigation of inland waterways and the development of cooperative arrangements in the air freighting of industry.

35. Other international organizations elaborated their programmes of assistance to the land-locked developing countries in their respective areas of competence. ICAO outlined its activities to improve air transport facilities in various land-locked developing countries including the expansion of air transport services in rural areas. FAO outlined its technical assistance programmes to support food production, food security, forest resource management and the fisheries sector both at the country and subregional level, which are designed to enhance the supply capacity in these countries. The IMF has been heavily involved in supporting several land-locked countries by providing to their financial institutions technical assistance, enhanced structural adjustment facilities, stand-by arrangements, compensatory and contingency financing facilities, and training assistance.

36. The responses of the developed countries reflect the recent sentiments expressed by several donor countries which have actively participated in various international fora dealing with land-locked developing countries. There is a clear commitment of the former countries to promote programmes in most of land-locked countries which are designed to improve transit transport infrastructures and services. Many of these programmes are being implemented within the framework of subregional institutions such as SATCC in Southern Africa, ECOWAS, UDEAC in West Central Africa, the Northern Transit Transport Corridor Authority in East/Central Africa, MERCOSUR in Latin America and ECO in Asia. This approach encourages close cooperation between land-locked countries and their transit neighbours and enhances the commitment of both these groups of countries to strengthen and improve the implementation of their subregional transit agreements and other arrangements related to subregional trade.